

BlackRock Pensions Limited DC Diversified Growth Fund Defined Contributions

As at 31 March 2010

(Previously Target Return Fund)

BLACKROCK

Overview and Manager's Report

Risk assets delivered strong positive returns in the first quarter of 2010. Government bonds outperformed cash but remained volatile, particularly in Europe, where debt crises in peripheral nations such as Greece were of key concern. Appetite for risk was supported by increasingly positive newsflow from the corporate sector and strong macroeconomic data, which improved as the period progressed.

The DC Diversified Growth Fund delivered returns ahead of target over the quarter. Within equities, the US market had a particularly strong quarter, with investors reacting positively to stronger-than-expected company earnings and employment data. Exposure to US equities, which was increased during the period, assisted the Fund's overall performance. The top performing sectors were financials, materials and industrials, which helped our underlying UK equity managers, deliver strong returns relative to their benchmarks.

Within the Fund's exposure to fixed income we have implemented a position in emerging market debt, where we believe the asset class will be supported by the potential for strengthening currencies and strong fundamentals. The Fund's exposure to commodities detracted, as agriculture commodities sold off on the back of improving supply dynamics, we reduced exposure during the period.

We continue to expect a modest improvement in global macroeconomic conditions during 2010. This leads to a positive view on risk assets generally, so we have retained a significant allocation to corporate bonds and equities. Within fixed income, we remain positive on corporate bonds and continue to prefer cash to government bonds, where volatility is expected to remain elevated.

Performance & Fund Characteristics

Performance for 12 months to:

	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09	31 Mar 10
Fund	n/a	n/a	+3.7%	-12.4%	+22.8%
Benchmark	n/a	n/a	+9.1%	+7.1%	+4.0%

Performance for:

	3 months	Year to date	12 months	3 years p.a.	5 Years or since launch	5 Years or since launch p.a.
Fund	+2.9%	+2.9%	+22.8%	+3.7%	+17.5%	+4.4%
Benchmark	+1.0%	+1.0%	+4.0%	+6.7%	+29.0%	+7.0%

Source: BlackRock. Performance shown is gross of fees.

Please call our helpline to check the charges that will apply to your investment.

Past performance is not a guide to future performance. The value of investments and the income from them can fluctuate and are not guaranteed. Investors may not get back the amount invested. Rates of exchange may cause the value of investments to go up or down. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Any objective or target will be treated as a target only and should not be considered as an assurance or guarantee of performance of the Fund or any part of it. The Fund objectives and policies include a guide to the main investments to which the Fund is likely to be exposed. The Fund is not necessarily restricted to holding these investments only. Subject to the Fund's objectives, the Fund may hold any investments and utilise any investment techniques, including the use of derivatives, permitted under the FSA's New Conduct of Business Sourcebook which contain the rules by which investment of the Fund is governed. The BlackRock Pensions Limited notional fund units have a single unit price. The unit prices are normally calculated on each business day. For performance reporting, notional units are valued at special closing prices on the last working day of each quarter to enable comparison with the relevant benchmark index. Issued by BlackRock Pensions Limited, which is authorised and regulated by the Financial Services Authority. BlackRock Pensions Limited, 33 King William Street, London EC4R 9AS. Phone: 020 7743 3000 Fax: 020 7743 1000. Registered in England number 2348841. BlackRock is a trading name of BlackRock Pensions Limited.

Objectives and Policies

This Fund targets an investment return of 3.5% above the Bank of England official Bank Rate measured over rolling 3 year periods by utilising a multi-asset flexible investment approach. In aiming to achieve the target, this Fund will generally hold a variety of different types of assets at any one time.

Fund Facts

Fund Value (£m): 200.1

Launch Date: 30 June 2006¹

Benchmark: Bank of England official Bank Rate plus 3.5%

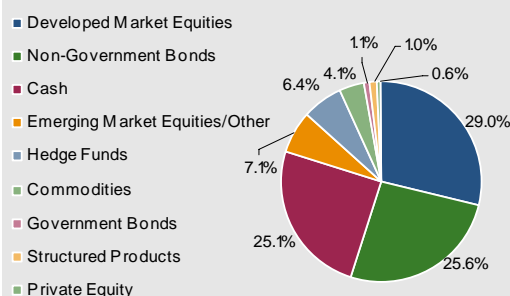
Risk Rating Profile: Low-Medium



These ratings give an indication of the risk level of a fund only in relation to BPL's overall fund range.

¹ This fund was restructured and relaunched on 30 June 2006

Asset Allocation



Source: BlackRock

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